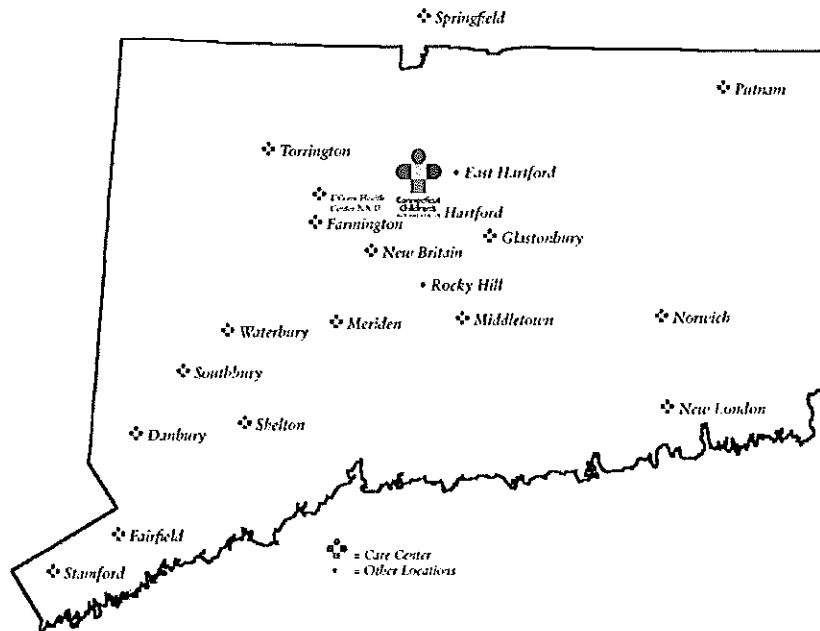


**Testimony of the Connecticut Children's Medical Center  
to the Planning and Development Committee regarding  
*HB 5583, An Act Concerning The Payment Of Real Property Taxes By  
Certain Institutions Of Higher Learning And Hospital Facilities*  
March 21, 2014**

Senator Osten, Representative Rojas, members of the Planning and Development Committee, thank you for the opportunity to share my thoughts about *HB 5583, An Act Concerning The Payment Of Real Property Taxes By Certain Institutions Of Higher Learning And Hospital Facilities*. My name is Martin Gavin and I am President and CEO at the Connecticut Children's Medical Center. I am submitting this testimony in opposition to House Bill 5583.

Connecticut Children's is the only hospital in the state that cares exclusively for children and it is a critical asset to all of us. As a center for vital research, a pioneer in new treatments, a trailblazer in advanced technology, and a teacher of future pediatric professionals, Connecticut Children's is advancing the health and wellness of all of our children, and fostering a healthier future for our state.

Guided by the vision of making the children of Connecticut the healthiest in the nation, Connecticut Children's has been providing quality care since opening its doors in 1996. The map below shows Connecticut Children's existing footprint in communities around the State.



In 2013, Connecticut Children's provided children and families with access to a comprehensive system of 21 provider locations and community-based programs designed to promote children's healthy development. Of particular note, we opened our new surgery center in Farmington, and expanded access to critical services including cardiovascular surgery, Extracorporeal Membrane

Oxygenation, and our pediatric transport program. In 2014, we will expand access to primary care services by moving into our new, larger facility on New Britain Avenue in Hartford.

In addition to the benefits for families, the State of Connecticut also derives specific benefits from our integrated model of pediatric care. Community child health is highlighted as one of the six primary pillars of Connecticut Children's strategic plan. Some might suggest that focusing on keeping children healthy is illogical for a children's hospital with inpatient beds to fill. However, promoting each child's optimal healthy development is not only the right thing to do for children and families, its emphasis on cross-sector collaboration and efficiency makes strategic sense in the context of national health reform.

The State also derives specific benefits through Connecticut Children's unique relationship with Medicaid. The 283,000 children—more than one out of every three statewide—who rely on Medicaid for their health care coverage count on Connecticut Children's as their safety net. With more than half of our inpatient care and nearly two-thirds of our emergency care devoted to children who rely on HUSKY, Connecticut Children's has by far the highest Medicaid percentage of any Connecticut hospital. During the economic downturn, those percentages have increased significantly as children have switched from private coverage to Medicaid. Connecticut Children's Medicaid inpatient days have increased by 20% in the past two years.

Connecticut Children's is projected to spend \$50,600,000 more caring for children who rely on Medicaid than we expect to receive in State reimbursements in 2014. \$50 million represents 17% of Connecticut Children's projected net revenue for this year, and it jeopardizes our ability to meet the needs of all of Connecticut's children, HUSKY or not.

<b>Connecticut Children's Recent Medicaid Trends</b>			
<b>Year</b>	<b>Percent of costs covered by Medicaid payments</b>	<b>Percent of inpatient care devoted to children who rely on Medicaid</b>	<b>Medicaid loss</b>
<b>FY2011</b>	80%	54%	\$24,700,000
<b>FY2012</b>	70%	55%	\$44,326,000
<b>FY2013</b>	69%	52%	\$50,232,000
<b>FY2014 (projected)</b>	70%	55%	\$50,600,000

The State's challenge in providing adequate services for children in behavioral health crisis is one significant driver of our Medicaid loss. In 2013, almost 2,500 children and adolescents in behavioral health crisis were brought to Connecticut Children's Emergency Department (ED). Once they are medically cleared, some of these children are transferred to the Child and Adolescent Rapid Emergency Stabilization (CARES) unit on the Institute of Living campus, but far too many have to spend one or more nights in our ED awaiting an available inpatient bed at another facility. Children and adolescents in behavioral health crisis spent a total of 1,906 nights

in Connecticut Children's 25-bed ED in 2013. Nearly \$3 million of Connecticut Children's annual Medicaid loss is attributable to the care we provide to these children.

Connecticut Children's commitment to the community is also demonstrated by its participation in the Southside Institutions Neighborhood Alliance (SINA). A partnership between Connecticut Children's Medical Center, Hartford Hospital and Trinity College, SINA works cooperatively with community stakeholders to restore economic vitality and improve the quality of life for the benefit of the people who live, work, visit, study and play in the neighborhoods of South Central Hartford. The three member institutions have invested \$16 million in SINA over the last 20 years to support economic development in the south end. This investment has resulted in numerous benefits to the community. In April 2014, Connecticut Children's will launch our own version of the Hartford Homeownership Incentive Program, an initiative of the MetroHartford Alliance that offers forgivable grants for our employees towards the purchase of homes within the City of Hartford. SINA will play a supporting role in this program, helping interested applicants to find homes and navigate the process.

The financial burden of paying property taxes to local governments, coupled with the reduced cost coverage and unsustainable losses from Medicaid, could jeopardize Connecticut Children's role as a vital safety net provider, reduce our ability to generate specific benefits for the State through our integrated model of pediatric care, and compromise our ability to restore economic vitality and improve the quality of life in Hartford's South End through SINA. Like all hospitals in the State, Connecticut Children's exemplifies the reason that the property tax exemption was created. We play a unique and vital role in pursuit of our vision to make the children in Connecticut the healthiest in the nation. I urge you to keep the current tax exemption and reject House Bill 5583.

Thank you for your consideration of our position. If you have any questions about this testimony, please contact Jane Baird, Connecticut Children's Director of Government Relations, at 860-837-5557.